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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 001921

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SUBJECT: ZEBARI SETTLES INTO NEW GOVERNMENT

REF: A. BAGHDAD 1792  
[1](#)B. BAGHDAD 1804

Classified By: Political Counselor Margaret Scobey for  
Reasons 1.4 (b) and (d).

[1](#)1. (C) Foreign Minister Hoshiyar Zebari met with PolCouns and EconOff on May 28 to review pending bilateral issues. Zebari said it was a bad sign that PM Maliki is so indecisive in the selection of the security ministers. He said his relations with the new Minister of State for Arab Affairs were good and stressed that the position is subordinate to the Foreign Minister. He welcomed the news that Iraq's diplomatic assets were returned in Washington. He hedged on what could be done to address Iraq's current policy on the Arab League boycott, an obstacle to US investment in Iraq. Reftel A relayed Zebari's comments on the UNSC Iraq mandate review and Coalition support. Reftel B conveyed Zebari's views on the cancelled neighbors' conference that was to be held in Iran. Zebari's comments of the visit of Iranian Foreign Minister Mottaki will be in septel. End Summary.

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Shia Mismanaged Security Minister Selection  
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[1](#)2. (C) Foreign Minister Hoshiyar Zebari told PolCouns the delay in selecting the Ministers of Defense and Interior showed a lack of decisiveness on the selection process which was not a good sign for the future. The Kurds and Sunnis have agreed on a short list but the Shia could not agree among themselves. For MOI, Zebari said he preferred Tawfiq al-Yasiri but some Shia parties opposed him. Zebari said the deal with the Shia was that if Bayan Jabr was accepted as Finance Minister, Tawfiq would be acceptable for Interior. Now the Etilaf (Shia Coalition) have changed their view, he added. Mowaffak Rubaie was acceptable to the Kurds but Tawaffuq opposed him said Zebari. For the Minister of Defense, the Kurds strongly supported Hachim al-Hasini but both the Shia and Tawafuq have reservations. Zebari said he was not happy with the nomination of Muhammad Abd al-Qader al-Mufraji since he was in the military - a position he would have to resign to become Minister. The Kurds would prefer a civilian in the position, he said.

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Relations with Minister of State are good  
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[1](#)3. (C) Zebari said he had two or three meetings with the newly appointed Minister of State for Arab Affairs Rafia al-Essawi. The Foreign Minister will delegate responsibilities to the Minister of State and would treat him as his second in command. There will be no division of the Ministry, he asserted, since al-Essawi will report

to the Foreign Minister. Al-Essawi will be asked to handle certain issues, e.g., the Organization of the Islamic Conference but there would be no specialization - he would not cover the Arab countries and he understands that, said Zebari. There will be one voice for Iraq in the world, he declared. Al-Essawi had an office in the MFA but has not yet started working. He will attend Cabinet meetings. The division of labor in the Foreign Ministry has not yet been cleared with the Prime Minister, said Zebari.

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Good News on Assets - Then Pressing on Arab League  
Boycott  
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¶4. (C) Zebari welcomed the news that diplomatic funds, which were frozen under the former regime, were recently released to the Iraqi Embassy's HSBC account. Zebari also noted that he will continue to support Iraq's debt relief, particularly with Gulf States. In regards to investment, Zebari noted that an investment law is being reconsidered by the cabinet, but highlighted the problems with security as being the main obstacle for foreign investors.

¶5. (C) When pressed on Iraq's current policy on the Arab League Boycott (ALB) and how this policy is an obstacle to U.S. foreign investment, Zebari noted that the issue is very sensitive and that "we need to find a politically clever way to handle this issue". He added that KRG PM Barzani recently mentioned to the press that he would like to open an Israeli Consulate in Irbil. Zebari also commented that normally the GOI does not send anyone to

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the Arab League Boycott meetings. (Note: An Iraqi participant, Hikmat Khudair, Iraqi Commercial Attache, participated in the mid-May ALB meeting in Damascus. End Note). PolCouns noted that other countries, such as Bahrain, have found ways of dealing with this issue and encouraged Iraq to address this issue.

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